

**JEFFERSON DAVIS PARISH SANITARY
LANDFILL COMMISSION
JENNINGS, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

As of December 31, 2004 and for the Year Then Ended

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-20-05

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**Annual Financial Statements
As of and for the Year Ended December 31, 2004
With Supplemental Information Schedules**

C O N T E N T S

	<u>Statement</u>	<u>Page</u>
Independent Auditors' Report on Financial Statements		1-2
Required Supplemental Information (Part I)		
Management's Discussion and Analysis		3-6
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements:		
Statement of Net Assets	A	8
Statement of Activities	B	9
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C	10
Reconciliation of the Governmental Funds Balance Sheet to The Government-Wide Financial Statements of Net Assets	D	11
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	12
Reconciliation of the Statement of Revenues, Expenditures, And Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	13
Notes to the Financial Statements		15-25

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

Annual Financial Statements
As of and for the Year Ended December 31, 2004
With Supplemental Information Schedules

	<u>Schedules</u>	<u>Page</u>
Required Supplemental Information (Part II)		
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual General Fund	1	27
<u>Other Reports</u>		
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		29-30
Summary Schedule of Prior Audit Findings		31
Corrective Action Plan for Current Year Audit Findings		32

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INDEPENDENT AUDITORS' REPORT

June 27, 2005

To The Jefferson Davis Parish Sanitary Landfill Commission
Jennings, Louisiana

I have audited the accompanying financial statements of the governmental activities of the Jefferson Davis Parish Sanitary Landfill Commission, as of and for the year ended December 31, 2004, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Jefferson Davis Parish Sanitary Landfill Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities of the Jefferson Davis Parish Sanitary Landfill Commission, as of December 31, 2004, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 27, 2005, on my consideration of the Jefferson Davis Parish Sanitary Landfill Commission's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Edward L. Krielow
Certified Public Accountant

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION

Management's Discussion and Analysis

December 31, 2004

This section of the Jefferson Davis Parish Sanitary Landfill Commission's annual financial report presents our discussion and analysis of the Jefferson Davis Parish Sanitary Landfill Commission's financial performance during the calendar year ended December 31, 2004. Because the Jefferson Davis Parish Sanitary Landfill Commission is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will provide additional explanations of the Jefferson Davis Parish Sanitary Landfill Commission's financial position and results of operations.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. The two types of financial statements present the Jefferson Davis Parish Sanitary Landfill Commission's financial position and results of operations from differing perspectives, which are described as follows:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the Jefferson Davis Parish Sanitary Landfill Commission as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Jefferson Davis Parish Sanitary Landfill Commission's assets (including infrastructure acquired after December 31, 2003) and all of the Jefferson Davis Parish Sanitary Landfill Commission's liabilities (including long-term debt).

The government-wide financial statements are described as follows:

- Governmental Activities - Expenses incurred in connection with providing sanitary landfill operations, economic development and tourism and promotion. These operations are financed by landfill royalties, operating grants and contributions and investment earnings.

FUND FINANCIAL STATEMENTS

Fund financial statements provide detailed information regarding the Jefferson Davis Parish Sanitary Landfill Commission's most significant activities and are not intended to provide information for the Jefferson Davis Parish Sanitary Landfill Commission as a whole. Funds are accounting devices that are used to account for specific sources of funds.

- Governmental Funds – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Jefferson Davis Parish Sanitary Landfill Commission's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

FINANCIAL ANALYSIS OF THE JEFFERSON DAVIS PARISH LANDFILL COMMISSION AS A WHOLE

Because the Jefferson Davis Parish Sanitary Landfill Commission is implementing new reporting standards for this fiscal year with significant changes in content and structure, the following tables present only current year data. In future years, comparative analysis of government-wide data will be presented.

NET ASSETS

A condensed version of the government-wide Statement of Net Assets is presented as follows:

	<u>Governmental Activities</u>
<u>Assets:</u>	
Current and other Assets	\$ 3,818,839
Capital Assets	<u>2,743,960</u>
Total Assets	<u>\$ 6,562,799</u>
 <u>Liabilities:</u>	
Current and other Liabilities	\$ 82,484
Long-term Liabilities	<u>0</u>
Total Liabilities	<u>\$ 82,484</u>
 <u>Net Assets:</u>	
Invested in Capital Assets (Net)	\$ 2,743,960
Unrestricted	<u>3,736,355</u>
Total Net Assets	<u>\$ 6,480,315</u>

As the presentation appearing above demonstrates, a large portion of the Jefferson Davis Parish Sanitary Landfill Commission's net assets (87.6%) is invested in capital assets and designated assets. Net assets invested in capital assets consist of land, buildings, equipment, and any infrastructure acquired after December 31, 2003 less any debt used to acquire the assets that remains outstanding. The Jefferson Davis Parish Sanitary Landfill Commission uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending. The presentation also shows the Jefferson Davis Parish Sanitary Landfill Commission has ample unrestricted net assets (12.4%). Portions of these assets will be used in the next fiscal year for major capital improvements.

CHANGES IN NET ASSETS

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

	<u>Governmental Activities</u>
<u>Revenues:</u>	
Program Revenue:	
Charges for Services	\$ 746,740
Operating Grants and Contributions	85,628
Capital Grants and Contributions	0
General Revenue:	
Investment Earnings	<u>70,190</u>
Total Revenue	<u>\$ 902,558</u>
 <u>Program Expenses:</u>	
Sanitary Landfill	\$ 438,991
Economic Development	244,978
Tourist and Promotion	58,978
Distribution to Member Government	<u>128,000</u>
Total Expenses	<u>\$ 870,947</u>
 Increase in Net Assets	\$ 31,611
Net Assets Beginning	<u>6,448,704</u>
Net Assets Ending	<u>\$ 6,480,315</u>

FINANCIAL ANALYSIS OF THE JEFFERSON DAVIS PARISH LANDFILL COMMISSION'S FUNDS

As of the end of the current fiscal year, the Jefferson Davis Parish Sanitary Landfill Commission's governmental funds reported combined ending fund balances of \$3,771,921, an increase of \$96,215 in comparison with the prior year.

GENERAL FUND BUDGET HIGHLIGHTS

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- RS 39:1301 et seq), the Jefferson Davis Parish Sanitary Landfill Commission must adopt a budget for the General Fund and all Special Revenue funds prior to December 31. The original budget for the Jefferson Davis Parish Sanitary Landfill Commission was adopted on December 17, 2003 and the final budget amendment was adopted on November 17, 2004.

CAPITAL ASSET ADMINISTRATION

Capital assets: The Jefferson Davis Parish Sanitary Landfill Commission's investment in capital assets for its governmental type activities as of December 31, 2004, amounts to \$2,743,960 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery, equipment and infrastructure acquired after December 31, 2003.

The Jefferson Davis Parish Sanitary Landfill Commission Capital Assets

Land	\$1,242,370
Buildings and improvements	2,470,809
Furniture, computers & equipment	<u>139,492</u>
Total	3,852,671
Less: accumulated depression	<u>1,108,711</u>
Total Capital Assets (Net)	<u>\$ 2,743,960</u>

Highlights of the Jefferson Davis Parish Sanitary Landfill Commission's capital asset administration are provided as follows:

- The only major capital asset acquired was an entrance road repair project of \$38,686.

FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

The Landfill is in the process of getting requests for proposals for its excess methane gas which is now being burned. If we accept a proposal, they would process the gas for sale and the Landfill would hopefully get substantial royalties.

The Landfill also is in the process of negotiating with Louisiana Agriculture Finance Authority for potential ownership of the Lacassine Industrial Park. The potential revenue could fund our Economic Development Office in the future.

We are also in the process of setting up a public trust which could take over management of the Lacassine Industrial Park and the Jeff Davis Parish Economic Development Office.

Our waste stream continues to remain steady and we do not foresee any substantial increase or decrease in the waste stream.

BASIC FINANCIAL STATEMENTS

STATEMENT A**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA****STATEMENT OF NET ASSETS****December 31, 2004**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 1,903,831
Investments	1,825,430
Receivables (net of allowances for uncollectibles)	82,508
Other assets	7,070
Capital assets (net)	<u>2,743,960</u>
TOTAL ASSETS	<u>\$ 6,562,799</u>
LIABILITIES	
Accounts, salaries, and other payables	\$ 30,218
Other liabilities	16,700
Compensated absences payable	<u>35,566</u>
TOTAL LIABILITIES	<u>82,484</u>
NET ASSETS	
Invested in capital assets, net of related debt	2,743,960
Unrestricted	<u>3,736,355</u>
TOTAL NET ASSETS	<u>\$ 6,480,315</u>

The accompanying notes are an integral part of this statement.

STATEMENT B

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION JENNINGS, LOUISIANA

Statement of Activities

For the Year Ended December 31, 2004

	Program Revenues			Net (Expenses) Revenues and Change in Net Assets
	Expenses	Charges for Services and Use	Operating Grants and Contributions	Capital Grants & Contributions
Governmental Activities				
Sanitary landfill	\$ 438,991	746,740	\$	\$ 307,749
Economic development	244,978		27,500	(217,478)
Tourism and promotion	58,978		58,128	(850)
Total Governmental Activities	<u>\$ 742,947</u>	<u>\$ 746,740</u>	<u>\$ 85,628</u>	<u>\$ 89,421</u>
General Revenues:				
Investment earnings				70,190
Distributions to member governments				(128,000)
Total general revenues and distributions				<u>(57,810)</u>
Change in Net Assets				<u>\$ 31,611</u>
Net assets-beginning				6,448,704
Net assets-ending				<u>\$ 6,480,315</u>

The accompanying notes are an integral part of this statement.

STATEMENT C

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

Balance Sheet, Governmental Funds

December 31, 2004

	GENERAL FUND
ASSETS	
Cash and cash equivalents	\$ 1,903,831
Investments	1,825,430
Receivables (net of allowances for uncollectibles)	82,508
Other assets	<u>7,070</u>
TOTAL ASSETS	<u>\$ 3,818,839</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts, salaries, and other payables	\$ 30,218
Other liabilities	<u>16,700</u>
Total Liabilities	<u>46,918</u>
Fund balances:	
Unreserved:	
Designated for postclosure contingencies	2,930,773
Undesignated	<u>841,148</u>
Total Fund Balance	<u>3,771,921</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,818,839</u>

The accompanying notes are an integral part of this statement.

STATEMENT D

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANAReconciliation of The Governmental Funds Balance Sheet
to The Government-Wide Financial Statement of Net Assets

December 31, 2004

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds (Statement C)		\$	3,771,921
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Capital Assets	\$	3,852,671	
Less: Accumulated Depreciation		<u>(1,108,711)</u>	2,743,960
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Compensated absences			<u>(35,566)</u>
Net Assets of Governmental Activities (Statement A)		\$	<u>6,480,315</u>

The accompanying notes are an integral part of this statement.

STATEMENT E

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION JENNINGS, LOUISIANA

Statement of Revenues, Expenditures and and Changes in Fund Balances Governmental Funds

For the Year Ended December 31, 2004

		GENERAL FUND
REVENUES:		
Contract royalties	\$	674,217
Intergovernmental revenues:		
State grants		15,000
Local tourism costs reimbursement		58,128
DEQ fee reimbursement		66,636
Private sector grants		12,500
Investment earnings		70,190
Other revenues		5,887
Total Revenues	\$	<u>902,558</u>
EXPENDITURES:		
Landfill Operations:		
Personell costs	\$	161,223
Operating costs		126,500
Recycling program		14,005
Excess waste fees		41,873
Materials and supplies		516
Travel and other charges		3,138
Capital outlay		<u>40,480</u>
Total landfill operations		387,735
Economic Development:		
Personell costs		145,847
Operating costs		47,851
Travel and other charges		11,890
Grant expenditures		25,589
Capital outlay		<u>453</u>
Total ecoonomic development		231,630
Tourism and promotion:		
Personell costs		57,840
Operating costs		<u>1,138</u>
Total tourism and promotion		58,978
Total Expenditures		<u>678,343</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	224,215
OTHER FINANCING SOURCES (USES)		
Distributions to member governments		<u>128,000</u>
Net Change in Fund Balance	\$	96,215
Fund balances -- beginning		3,675,706
Fund balances -- ending	\$	<u><u>3,771,921</u></u>

The accompanying notes are an integral part of this statement.

STATEMENT F**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA****Reconciliation of The Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities****For the Year Ended June 30, 2004**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$	96,215
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(57,638)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(6,966)</u>
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Change in Net Assets of Governmental Activities, Statement B	\$	<u>31,611</u>
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The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

INTRODUCTION

The Jefferson Davis Parish Sanitary Landfill Commission (Commission) was chartered February 17, 1984. The Commission was created by the joint action of the following political subdivisions: the City of Jennings, the Town of Welsh, the Town of Lake Arthur, and the Jefferson Davis Parish Police Jury. These governing bodies joined efforts for the purpose of establishing a long term plan for disposal of solid wastes in Jefferson Davis Parish. According to the charter, the operations of the Commission are not to be financed by user charges but by direct assessment of the member governing bodies. Each member governing body is assessed directly in the proportion of the number of households within each member unit to the total number of households within all member units. These proportions were determined by the figures obtained from the 1980 U. S. Census. Based upon the information available from the 1980 U. S. Census, the following percentages for each member governing body were determined:

<u>LOCALITY</u>	<u>NUMBER OF HOUSEHOLDS</u>	<u>PERCENTAGES</u>
Jennings	4,161	.421196
Welsh	1,167	.118129
Lake Arthur	1,212	.122684
Parish (excluding Jennings, Welsh, Lake Arthur & Elton)	<u>3,339</u>	<u>.337991</u>
Totals	<u>9,879</u>	<u>1.000000</u>

In 1989, the Commission entered into a contract with Browning-Ferris, Inc. (BFI) to operate the facility and pay the Commission a royalty for its use. BFI also agreed to pay the normal operating costs, except for those items specifically allocated to the Commission, and assume responsibility for closure of the facility and any post-closure care, maintenance and monitoring. In 1993, the Commission decided to provide for parish-wide economic development and instituted an office of economic development. In 1995, Commission expanded its role in economic development by assisting with costs incurred by the tourist Commission. However, as of December 31, 2004, the Tourist Commission has assumed full responsibility and control of tourism activities and will not rely on the Commission for any further assistance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accounting and reporting policies of the Jefferson Davis Parish Sanitary Landfill Commission conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*, published by the American Institute of Certified Public Accountants; and are also made in accordance with the provisions of *Government Auditing Standards*, promulgated by the United States Comptroller General, as they pertain to financial and compliance audits.

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Jefferson Davis Parish Sanitary Landfill Commission. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so it has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

The Jefferson Davis Parish Sanitary Landfill Commission reports the following governmental funds:

The General fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Reporting Entity

The financial statements of the Commission consist only of the funds of the Commission. The Commission has no financial accountability for any other governmental entity since no other entities are considered to be component units of the Commission. GASB Statement No. 14 established criteria for determining which component units should be considered part of the Jefferson Davis Parish Sanitary Landfill Commission for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Commission to impose its will on the organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Commission.
2. Organizations for which the Commission does not appoint a voting majority but are fiscally dependent on the Commission.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Based on the previous criteria, the Commission has determined that it has no component units.

E. Budgetary Practices

The Commission utilized the following budgetary practices:

For the year ended December 31, 2004, the Commission adopted a budget on December 17, 2003 at a public hearing for the general fund on a basis consistent with generally accepted accounting principles (GAAP). An amendment to the budget was made on November 17, 2004. Periodic budget comparisons were made during the year and amendments were made when deemed necessary. All budgetary appropriations lapse at the end of each fiscal year. Formal encumbrance accounting is not utilized by the Commission.

F. Cash and Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with maturities of 90 days or less. Under state law the Commission may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. Investments may include instruments or obligations issued by the United States Government or its agencies, or any other federally issued investment.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available (or describe other method of valuation). Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Jefferson Davis Parish Sanitary Landfill Commission maintains as a threshold level of \$1,000 or more for individual items and \$5,000 or more for major repairs and improvements for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	30 years
Buildings and building improvements	30 years
Furniture and fixtures	5 years
Vehicles	5 years
Equipment & landscaping	7 years
Miscellaneous improvements	10 years

H. Compensated Absences

The Commission adopted a personnel policy during 1994. The policy states that all full-time employees shall be allowed vacation time, provided they have been employed full-time for a period of a least six months. Vacation time allowed varies from five to twenty days per year depending on length of service. Under similar circumstances part-time employees will also be allowed vacation time but on a ratio of part-time hours scheduled and working to a normal forty hour work week. Vacation time may not be carried over to the following year.

Full-time employees shall be entitled to utilize one sick day for each month of active full-time employment up to a maximum sixty days. Regular part-time employees shall be entitled to utilize sick days at the same rate as full-time employees with a maximum accumulation of thirty days. This benefit for regular part-time employees applies only to absences lasting more than one week with the first week being an unpaid waiting period.

I. Risk Management

The Commission is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission manages these losses through the purchase of commercial insurance.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Jefferson Davis Parish Sanitary Landfill Commission, which are either unusual in nature or infrequent in occurrence.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

At December 31, 2004, the Commission has cash and cash equivalents totaling \$1,903,832. Cash equivalents include time deposits and those investments with original maturities of 90 days or less. These amounts are as follows:

Interest bearing demand and time deposits	<u>\$ 1,903,831</u>
-------------------------------------------	---------------------

These deposits are stated at cost or amortized cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank (GASB Category 3) in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 2004, are secured as follows:

Bank balance	<u>\$ 3,743,855</u>
Insured (FDIC)	\$ 200,000
Uninsured, uncollateralized:	
Pledged securities held by pledging Bank's Agent in Bank's name	<u>3,697,073</u>
Total	<u>\$ 3,897,073</u>

Even though the pledged securities are considered uninsured-uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

3. INVESTMENTS

At December 31, 2004, the Commission had investments totaling \$1,825,430. The carrying amount approximates the fair value. These investments consist of certificates of deposit with Jeff Davis Bank & Trust Co. In applying the credit risk of GASB Codification Section 150.164, these securities are considered Category 1 as they are held by the Commission in the Commission's name.

4. RECEIVABLES

The receivables of \$82,508 at December 31, 2004, are as follows:

BFI, Inc.	\$ 65,681
Tourist Commission	15,811
Other	<u>1,016</u>
	<u>\$ 82,508</u>

These receivables are normally collected within 30 to 60 days. Due to past collection history and short duration of outstanding amounts, no allowance for doubtful accounts has been established.

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2004 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,242,370	\$ -0-	\$ -0-	\$ 1,242,370
Capital assets being depreciated				
Building	422,628	-0-	-0-	422,628
Improvements other than buildings	2,009,495	38,686	-0-	2,048,181
Machinery and equipment	<u>159,469</u>	<u>1,904</u>	<u>21,881</u>	<u>139,492</u>
Total capital assets being depreciated	<u>\$ 2,591,592</u>	<u>\$ 40,590</u>	<u>\$ 21,881</u>	<u>\$ 2,610,301</u>
Less accumulated depreciations for:				
Buildings	185,448	14,088	-0-	199,536
Improvements other than buildings	736,223	68,403	-0-	804,626
Machinery and equipment	<u>110,694</u>	<u>14,862</u>	<u>21,007</u>	<u>104,549</u>
Total accumulated depreciations	<u>\$ 1,032,365</u>	<u>\$ 97,353</u>	<u>\$ 21,007</u>	<u>\$ 1,108,711</u>
Total capital assets being depreciated, net	<u>\$ 1,559,227</u>	<u>\$ (56,763)</u>	<u>\$ 874</u>	<u>\$ 1,501,590</u>

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Depreciation expense of \$97,353 for the year ended December 31, 2004, was charged to the following governmental functions:

Sanitary landfill	\$ 87,918
Economic development	9,435

6. ACCOUNTS, SALARIES AND OTHER PAYABLES

The accounts, salaries, and other payables consisted of the following at December 31, 2004:

Accounts	\$ 10,305
Payroll taxes	4,765
Retirement plan	<u>15,148</u>
Totals	<u>\$ 30,218</u>

7. COMPENSATION PAID TO BOARD MEMBERS

The Commission paid no compensation to board members for the year ended December 31, 2004.

8. LITIGATION

The Commission is not involved in any litigation as of the date of this report.

9. SIGNIFICANT CONTRACT PROVISIONS

On July 26, 1989, the Commission contracted with Browning Ferris Industries, Inc. (BFI) for the daily operations of waste disposal at the landfill site. The more significant outstanding provisions of that contract are as follows:

- A. BFI shall be responsible for all law violations that are caused by BFI's performance of its tasks at the landfill.
- B. Unless this contract is earlier terminated, BFI is responsible for closure in accordance with the permit and for appropriate seeding of the sanitary landfill for erosion control. BFI's post-closure care, maintenance and monitoring responsibility shall be 3 years, or as required by law, following closure. Afterwards, the Commission is responsible for all post-closure care.
- C. BFI shall take all necessary precautions to prevent receipt of and deposit into the landfill regulated "hazardous waste", wet sludges, and oilfield wastes.
- D. BFI will maintain all liability insurance as set forth in the contract.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

10. PENSION PLAN

A. Parochial Employees Retirement System of Louisiana (PERS)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with Separate assets and benefit provisions. All participating employees of the police jury are members of plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees Retirement System of Louisiana, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Funding Policy. Under plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the Commission is required to contribute at a statutory rate based on actuarially determined computations. The rate for 2004 is 11.75% of covered payroll. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible (except for Orleans and East Baton Rouge parishes) by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Commission are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Commission's contribution to the System under Plan A for the year ending December 31, 2004, 2003, and 2002 were \$32,970, \$17,423, and \$13,800, respectively, equal to the required contributions for each year.

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

11. RELATED PARTY TRANSACTIONS

The Commission voted to distribute \$88,000 to the four local government bodies that participate in the Landfill Commission and funded its construction and early operations. The distributions were made in the same proportions as the original investments by the governments (see Note 1). In addition, the Commission distributed an additional \$40,000 (\$10,000 each) to the members for economic development. There are no amounts due to the member governments at December 31, 2004.

12. CONTINGENCIES

The Landfill Commission as owner of a sanitary landfill is subject to Environmental Protection Agency (EPA) regulations that require monitoring the landfill site for 30 years following closure of the site in addition to other closure requirements. These regulations also mandate that landfill owners provide financial assurances that they will have the resources available to satisfy the postclosure standards. These guarantees can be third-party trusts, surety bonds, letters of credit, insurance, or state sponsored plans. According to the Commission's contract with the site operator, "...the contractor shall be responsible for closure in accordance with the permit...". Additionally, "...the contractor's post-closure care, maintenance and monitoring responsibility shall be three (3) years, or as required by law,...". In the event the operator is for whatever reason unwilling or unable to fulfill this requirement, the responsibility for closure and post closure monitoring will revert back to the Commission.

Additionally, because of the industry the Commission participates in, certain potential liabilities are always present. These include, but are not limited to, environmental cleanup costs and EPA penalties for violation of its regulations. The EPA is empowered by law (through the Superfund legislation) to seek recovery from anyone who ever owned or operated a particular contaminated site, or anyone who ever generated or transported hazardous materials to a site (these parties are commonly referred to as potentially responsible parties, or PRPs). Potentially, the liability can extend to subsequent owners or to the parent company of a PRP. While there are no asserted or unasserted potential costs or penalties at the date of this report that the Commission is aware of, the potential is present.

13. LEASES

The Jefferson Davis Parish Sanitary Landfill Commission has an operating lease as follows:

The Commission leased offices from First Guaranty Bank for use by its economic development office. The lease is for a period of one year beginning January 1, 2004 with a monthly rental of \$375. The lease provides for an option to renew for one additional year at the rate of \$395 per month. The Commission exercised its option.

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

The minimum annual commitments under noncancellable operating leases are as follows:

	<u>Buildings and Office Facilities</u>
Fiscal year:	
2005	\$ 4,470
2006	-0-
2007	-0-
2008	-0-
2009	-0-
2010-2014	<u>-0-</u>
Total	<u>\$ 4,740</u>

14. DESIGNATED FUND BALANCE

The Commission has established a policy of annually designating three percent (3%) of the beginning designated fund balance, or the total interest earned on investments, whichever is lesser, for potential post-closure contingencies. However, the Commission changed the policy in 2004 to eliminate annually designating 3% and freezing the designated fund balance at the December 31, 2003 level.

15. SUBSEQUENT EVENTS

On January 19, 2004, the Commission distributed \$134,000 to the respective governmental bodies in accordance with the terms of the Commission Charter. The Commission also distributed an additional \$40,000 (\$10,000 each) to the members for economic development.

REQUIRED SUPPLEMENTAL INFORMATION

**JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
General Fund**

For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over(Under)</u>
	<u>Original</u>	<u>Amended</u>		
REVENUES:				
Contract royalties	\$ 600,000	\$ 600,000	\$ 674,217	\$ 74,217
Intergovernmental revenues:				
State grants	-	15,000	15,000	-
Local tourism costs reimbursement	72,900	72,900	58,128	(14,772)
DEQ fee reimbursement	62,000	62,000	66,636	4,636
Private sector grants	-	12,500	12,500	-
Investment earnings	100,000	100,000	70,190	(29,810)
Other revenues	2,000	2,000	5,887	3,887
Total Revenues	<u>\$ 836,900</u>	<u>\$ 864,400</u>	<u>\$ 902,558</u>	<u>\$ 38,158</u>
EXPENDITURES:				
Landfill Operations:				
Personell costs	\$ 160,012	\$ 160,012	\$ 161,223	\$ 1,211
Operating costs	136,550	136,550	126,500	(10,050)
Recycling program	18,000	18,000	14,005	(3,995)
Excess waste fees	71,000	42,000	41,873	(127)
Materials and supplies	1,500	1,500	516	(984)
Travel and other charges	4,000	4,000	3,138	(862)
Capital outlay	25,000	40,500	40,480	(20)
Total landfill operations	<u>416,062</u>	<u>402,562</u>	<u>387,735</u>	<u>(14,827)</u>
Economic Development:				
Personell costs	149,450	149,450	145,847	(3,603)
Operating costs	44,600	57,600	47,851	(9,749)
Travel and other charges	12,600	12,600	11,890	(710)
Grant expenditures	-	27,500	25,589	(1,911)
Capital outlay	4,000	4,000	453	(3,547)
Total economic development	<u>210,650</u>	<u>251,150</u>	<u>231,630</u>	<u>(19,520)</u>
Tourism and promotion:				
Personell costs	72,900	72,900	57,840	(15,060)
Operating costs	2,000	2,000	1,138	(862)
Total tourism and promotion	<u>74,900</u>	<u>74,900</u>	<u>58,978</u>	<u>(15,922)</u>
Total Expenditures	<u>701,612</u>	<u>728,612</u>	<u>678,343</u>	<u>(50,269)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 135,288	\$ 135,788	\$ 224,215	\$ 88,427
OTHER FINANCING SOURCES (USES)				
Distributions to member governments	128,000	128,000	128,000	-
Net Change in Fund Balance	\$ 7,288	\$ 7,788	\$ 96,215	\$ 88,427
Fund balances -- beginning	3,675,706	3,675,706	3,675,706	-
Fund balances -- ending	<u>\$ 3,682,994</u>	<u>\$ 3,683,494</u>	<u>\$ 3,771,921</u>	<u>\$ 88,427</u>

The accompanying notes are an integral part of this statement.

OTHER REPORTS

EDWARD L. KRIELOW

A PROFESSIONAL ACCOUNTING CORPORATION

510 N. CUTTING

P. O. DRAWER 918

JENNINGS, LA 70546

(318) 824-5007

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Jefferson Davis Parish Sanitary Landfill Commission
Jennings, Louisiana

I have audited the financial statements of the Jefferson Davis Parish Sanitary Landfill Commission as of and for the year ended December 31, 2004, and have issued my report thereon dated June 27, 2005. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Jefferson Davis Parish Sanitary Landfill Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Jefferson Davis Parish Sanitary Landfill's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, Jefferson Davis Parish Sanitary Landfill Commission and Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Edward L. Krielow

Certified Public Accountants

Jennings, Louisiana
June 27, 2005

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2004

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
03-1	2003	A review of expense reports for the Director of Economic Development disclosed personal expenditures and credit card cash advances that are prohibited by Article 7, Section 14 of the Louisiana Constitution. There were 11 instances of personal expenses totaling \$1,001.42 of which \$482.43 have been reimbursed and 3 instances of credit card cash advances totaling \$702.00. On the cash advances, there were \$61.52 of finance and cash advance fees incurred. Supporting receipts for the cash advances were provided subsequent to the advances. Two of the monthly statements were paid late resulting in \$58 of late payment fees.	Yes	August 31, 2004
03-2	2003	Also in the review of expense reports for the Director of Economic Development it was noted that \$475.29 of sales tax was paid on hotel rooms and merchandise purchases. Political subdivisions of the State of Louisiana are exempt from all forms of sales tax (La. R.S. 47:301(8)(c)). In addition, there were 20 instances totaling \$392.82 of expenditures without adequate supporting documentation. The Louisiana Audit Guide (La. R.S. 24:513) requires that every transaction be traceable to supporting documentation.	Yes	August 31, 2004
03-3	2003	A review of the receivable from BFI disclosed a reimbursable invoice from Sellers & Associates for \$2,135.00 that has been outstanding since January 31, 2003. Further examination disclosed that the Commission failed to invoice BFI for this invoice. Discussions with management disclosed that there are no procedures in place to reconcile this account on a regular basis.	Yes	August 31, 2004

JEFFERSON DAVIS PARISH SANITARY LANDFILL COMMISSION
JENNINGS, LOUISIANA

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2004

<u>Ref No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of contact Person(s)</u>	<u>Anticipated Completion Date</u>
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No current year findings.